Jersey Company number: 129667

UPLAND RESOURCES LIMITED

Interim Report and Accounts

for the Six-Month Period from 1 July 2021 to 31 December 2021

UPLAND RESOURCES LIMITED

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UPLAND RESOURCES LIMITED

REPORT OF THE DIRECTORS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

The information that follows was extracted from the Annual Report for the year ended 30 June 2021 which is being released simultaneously with these Interim accounts for the six months ended 31 December 2021.

Review of the business

This section should be read together with following section – Significant events since the balance sheet date.

(i) Technical studies are continuing in support of a farm-down in the Saouaf Permit in Tunisia. Since September 2020, Mr Roberto Bencini of GAIA Consulting, a highly experienced geologist, has undertaken detailed geological and geophysical studies and data base compilation on the Saouaf data leading to the establishment of a lead inventory which would form the basis for determining the re-processing of the existing legacy seismic data this year and the acquisition of new 2D seismic data in 2022. Mr Bencini also joined a newly formed technical panel under the CEO's direction to strengthen the company's expertise and experience. Mr Bencini is leading the Company's efforts to farm down part of its working interest in the Saouaf Permit before the end of this year. In April 2021 the Director General of Hydrocarbons (DGH) granted an extension to the Saouaf Prospecting Permit until 23 December 2022.

In May 2021, the Company's original Letter of Credit for $1million held against the Saoauf work obligations expired without being called and funds were subsequently released back to the Company's control,

(i) In April 2020, the Company announced a work sharing and confidentiality agreement for the remaining Inner Moray Firth P2478 Licence, (containing the Dunrobin prospect) valid to 30 September 2020, with a large international E&P company. On 1 October 2020, the Company subsequently announced that a four-month extension to the exclusivity period to 31 January 2021 had been agreed. Following a detailed review at the end of January 2021, the E&P company declined to take the opportunity further.

(ii) The Company recognises an opportunity to secure attractive licences in mature onshore and offshore basins with proven petroleum systems, such as those found in Sarawak, Malaysia and Brunei following the encouraging political developments in Sarawak. In particular the Company is pursuing block SK334 in Sarawak which has not yet been awarded

Significant events since the balance sheet date

On 19 August 2021, the Company announced a joint farm down with Corallian Energy to Baron Oil in return for Baron Oil funding the seismic re-processing of the legacy 2D and 3D seismic data over the P2478 Licence. The funding is capped at £160,000 and the Company's new working interest will be reduced to 32%. This means that with the exception of any marketing or operator costs, Phase A of the licence is fully funded to expiration in July 2023. The farm out was completed and announced on 11 October 2021 as having completed following formal consent by the UK Oil and Gas Authority ("OGA"). Coraillian have estimated the reserve at P2478 at 115mmboe.

The Company continued to invest in the Saouaf Permit and in October 2021, Mr Bencini hosted a training session in Rome for nine ETAP staff from Tunisia as part of the company's annual training commitment. Mr Bencini presented the results of the Company's activities to ETAP in Tunis in the week commencing the 6 December 2021.

On 16 March 2022 the Company announced that it had received the Heads of Terms of an agreement to farm-in to 80% of the Company's 50% interest in the Saoauf Permit. Terms have not been finalised and discussions are continuing.

Principal risks and uncertainties

The directors consider that the main business risks and uncertainties of the Group are:

Sub-surface risks

Risk 1: The success of the business relies on accurate and detailed analysis of the sub-surface. This can be impacted by poor quality data, either historical or recently gathered, and limited data coverage. Certain information provided by external sources may not be accurate.

Mitigation: All externally provided historical data is rigorously examined and discarded when appropriate. New data acquisition will be considered and relevant programmes implemented, but historical data can be reviewed and reprocessed to improve the overall knowledge base.

Risk 2: Data can be misinterpreted leading to the construction of inaccurate models and subsequent plans.

Mitigation: All analytical outcomes are challenged internally and peer reviewed. Interpretations are carried out on modern geoscience software.

Corporate risks

Risk 1: When it expired in May 2021 the Company did not replace a USD 1M bank guarantee issued by the Company to the Tunisian government, as beneficiary, to part-secure the work commitment of its Tunisian subsidiary in respect of the Saouaf Permit. The bank guarantee was a condition imposed when the Permit was granted and there is a risk that the Permit could be cancelled. There is a lesser risk that the Tunisian government will seek compensation should the work commitment be unfunded.

Mitigation: The Company has received an opinion from its Tunisian legal advisors that the Tunisian government only has recourse to our Tunisian subsidiary but not to the Company.

Risk 2: The Group's success depends on skilled management as well as retention of technical and administrative staff and consultants. The loss of critical members of the Group's team could have an adverse effect on the business.

Mitigation: The Group periodically reviews the compensation and contract terms of its staff and consultants to ensure that they are competitive.

Going concern risk

Risk: The Group has sufficient financial resources to meet its non-discretionary expenses for the 12 months from the date of approval of these accounts. Thus, the accounts have been prepared on a going concern basis. However, it does not have the financial resources to meet the commitments of its Tunisian subsidiary which is the primary reason expenditures on the Saouaf Permit have been fully impaired. There is no guarantee that funding will be raised and as a result there is an uncertainty on the Group's ability to continue as a going concern beyond the date which is 12 months from the date of these accounts.

Mitigation: The Group regularly monitors funding requirements, including the requirement to raise additional capital, to ensure there is sufficient working capital to enable it to continue its operations. Regarding the financing of discretionary expenses, we are in active discussions with third parties about farm-out in Tunisia. We have received a Heads of Terms from one interested party and discussions about commercial terms are continuing.

Results for the period

The financial results for the six-month period ended 31 December 2021 are appended to this report.

Upland made a pre-tax loss of £269,594 for the six months to 31 December 2021, compared to a £367,687 loss for the comparable six months to 31 December 2020. The principal reasons for the decreased loss in the six-month period are reduced overhead expenditures.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. The Group meets its current day to day working capital requirements through existing cash reserves.

The Group raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only and further funding will be required from time to time to finance those activities as well as ongoing administrative expenses. The Group holds current cash balances of approximately USD 370,000.

The Directors believe that the Group will be able to raise, as required, sufficient cash or reduce its commitments to enable it to continue its operations, including the pursuit of future exploration opportunities, and to continue to meet, as and when they fall due, its liabilities for at least the next twelve months from the date of approval of the Group financial statements. The Group financial statements have, therefore, been prepared on the going concern basis. In addition, the Directors have considered the possibility of compensation payments falling due to the Tunisian authorities and have sought a legal opinion that indicated that any such compensation would be ring-fenced within the Group's Tunisian subsidiary. Having obtained this advice, the Directors have assessed outflows in this respect to be negligible in the forecasts. Should this not be the case, further funds will be required to be raised to satisfy any material obligations arising.

As there can be no guarantee that the required funds will be raised within the necessary timeframe, consequently a material uncertainty exists that may cast doubt on the Group's ability to continue to operate as planned and to be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of approval of this report. The financial statements do not include the adjustments that would result if the Group was unable to continue in operation.

Auditing

This interim report and accounts for the six-month period ended 31 December 2021 (the "**Interim Report and Accounts**") has not been audited or reviewed pursuant to the Financial Reporting Council guidance on 'Review of Interim Financial Information''.

Statement of Directors' Responsibilities

The Interim Report and Accounts is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report and Accounts in accordance with the Disclosure and Transparency Rules (the "**DTRs**") of the United Kingdom's Financial Conduct Authority (the "**FCA**"). The DTRs require that the accounting policies and presentation applied to the half yearly figures must be consistent with those applied in the latest published annual accounts.

The Directors confirm that, to the best of their knowledge, the set of financial statements contained in the Interim Report and Accounts, which have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, as required by DTR 4.2.2 and in particular include a fair review of:

- the important events that have occurred during the half of the financial year and their impact on the set of financial statements contained in the Interim Report and Accounts, as required by DTR 4.2.7R;
- the principal risks and uncertainties for the remaining half of the year as required by DTR 4.2.7R; and
- related party transactions that have taken place in the first half of the current financial year.

Bolhassan Di
Chairman

02 June 2022

UPLAND RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE INTERIM SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

	6 months to 31 December 2021 £	6 months to 31 December 2020 £
Revenue	-	-
Exploration and evaluation expenditure	(79,609)	-
Administrative expenses	(189,985)	(367,687)
Operating loss	(269,594)	(367,687)
Loss before taxation	(269,594)	(367,687)
Taxation	-	-
Loss and Total Comprehensive Income for the Period Attributable to Equity Owners of the Parent Company	(269,594)	(367,687)
Loss per share in pence – basic and diluted	(0.04)	(0.05)

The results above derive wholly from continuing operations.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31 December 2021 £	30 June 2021 £
Non-Current assets			
Intangible assets	2	-	-
Current assets			
Trade and other receivables	3	6,551	8,327
Cash and cash equivalents		474,233	757,988
		480,784	766,315
Total assets		**480,784**	**766,315**
Equity			
Stated capital		8,427,732	8,427,732
Retained earnings		(8,461,484)	(8,191,890)
Total equity		(33,752)	235,842
Current liabilities			
Trade and other payables	4	514,536	530,473
Total equity and liabilities		**480,784**	**766,315**

UPLAND RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

	Stated capital	**Retained earnings**	**Total equity**
	£	**£**	**£**
At 1 July 2021	8,427,732	(8,191,890)	235,842
Loss for the period	-	(269,594)	(269,594)
At 31 December 2021	8,427,732	(8,461,484)	(33,752)

	Stated capital	**Retained earnings**	**Total equity**
	£	**£**	**£**
At 1 July 2020	7.989,832	(7,450,830)	539,002
Issue of shares	450,400	-	450,400
Share-based payment transactions	-	48,832	48,832
Loss for the period	-	(367,687)	(367,687)
At 31 December 2020	8,440,232	(7,769,685)	670,547

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

	6 months to 31 December 2021 £	6 months to 31 December 2020 £
Cash Flows from Operating Activities		
Loss from operations	(269,594)	(367,687)
Share-based payment expenses	-	48,832
Decrease/(increase) in trade and other receivables	1,776	4,382
(Decrease)/increase in trade and other payables	(15,937)	(133,744)
Net cash used in operating activities	(283,755)	(448,217)
Cash Flows from Investing Activities		
Expenditures incurred on exploration and evaluation assets	-	(61,610)
Net cash used in investing activities	-	(61,610)
Cash Flows from Financing Activities		
Proceeds from issue of ordinary shares, net of issue costs	-	450,400
Net cash generated from financing activities	-	450,400
Net (decrease) in cash and cash equivalents	**(283,755)**	**(59,427)**
Cash and cash equivalents at the beginning of the period	757,988	823,127
Cash and cash equivalents at the end of the period	**474,233**	**763,700**

1 Accounting policies

The same accounting policies and methods of computation are followed in these interim accounts as compared with the most recent annual financial statements.

2 Intangible assets

	Exploration and evaluation costs £
Cost	
At 1 July 2020	79,417
Expenditure	139,799
At 1 July 2021	219,216
Expenditure	-
At 31 December 2021	219,216
Impairment	
At 1 July 2020	-
Charge for the year	(219,216)
At 1 July 2021	(219,216)
Charge for the year	-
At 31 December 2021	(219,216)
Carrying amount	
At 31 December 2021	-
At 30 June 2021	-

3 Trade and other receivables

	31 December 2021 £	30 June 2021 £
Other debtors	1,551	-
Prepayments	5,000	8,327
	6,551	8,327

4 Trade and other payables

	31 December 2021 £	30 June 2021 £
Trade payables	171,788	134,339
Other payables	23,376	21,829
Short-term loan	150,000	150,000
Accrued expenses	169,372	224,305
	514,536	530,473

5 Related party transactions

The directors are considered to be the key management personnel of the company. During the interim period, the company paid fees to directors, or their connected companies, amounting to £40,881 (year ended 30 June 2021 - £125,155). At the period end, £146,874 (30 June 2021 - £108,168) was outstanding payable to the directors, or their connected companies, and included in creditors. Also included in creditors at the period end is £50,000 (30 June 2021 - £50,000) outstanding payable to a former director in respect of LTIP cash awards made in a prior year.

During the interim period, the company was charged fees and commission of £10,000 (year ended 30 June 2021 - £39,600) by a company of which a director of the company was also a director and shareholder. At the period end, £29,857 (30 June 2021 - £19,857) was outstanding payable to this related party and included in creditors.

During the interim period, the company received loans of £nil (year ended 30 June 2021 - £183,421) from a company of which a director of the company was also a director and shareholder. Of this balance, £nil (year ended 30 June 2021 - £33,421) was repaid in the period. At the period end, £150,000 (30 June 2021 - £150,000) remains outstanding and included in creditors. There are no formal terms agreed in respect of the £150,000 loan which remains outstanding. Accordingly, this loan has been treated as interest-free and repayable on demand.

During the interim period, the company was charged consultancy fees of £18,000 (year ended 30 June 2021 - £36,000) by a director of the company. At the period end, £45,000 (30 June 2021 - £27,000) was outstanding payable to the director and included in creditors.

6 Capital and financial commitments

At the reporting date, Upland (Saouaf) Limited ("Upland Saouaf") held a 50% interest in the exclusive Saouaf hydrocarbon exploration and appraisal licence ("the Licence"). The other 50% interest is held by ETAP (the Tunisian state oil company). The Licence was to be operated by Upland Saouaf. The terms of the Licence committed Upland Saouaf to carry out a minimum work programme including the acquisition of 300 km of new 2D seismic data. The Licence was for an initial term of two years, and may have been converted and thereby extended in term at Upland Saouaf's option, providing the work commitments of the initial term had been fulfilled within the two years. Recently, the term of the Licence was extended by one year to 23 December 2022. The Company did not replace a bank guarantee issued by the Company to the Tunisian government, as beneficiary, to part-secure the work commitment of its Tunisian subsidiary in respect of the Saouaf Permit. There may be a risk that the Tunisian government will seek compensation. Management has received an opinion from its Tunisian legal advisors that the Tunisian government only has recourse to our Tunisian subsidiary but not to the Company. As a result, management consider that the possibility of any material outflow to be remote.

In addition, at the reporting date, Upland Resources (UK Onshore) Limited ("Upland UK") held a 25% interest in PEDL 299. A cost-sharing arrangement has been put in place under the Joint Operating Agreement between the co-licencees (INEOS Upstream and Europa Oil & Gas). Recently, INEOS have extended the term of this licence by three years to July 2024.

7 Contingent liability

Following the expiry of the $1m bank guarantee issued to the Tunisian government in respect of the Saoauf Permit, the Group is in breach of the conditions of this permit and it is possible that the Tunisian authorities may seek compensation of up to this amount as well as for future unfunded commitments. Management has considered this and has taken legal advice around the scale and scope of compensation and considers the possibility of material outflows in relation to this matter to be negligible.